(d) how it is ensured that subsidized fertilizers have actually been used to enhance the production of foodgrains and cereals?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI B.K. HANDIQUE): (a) and (b) The increase in MSP for Rabi crop and procurement price for Kharif do not have any direct relationship with the subsidy per tonne on fertilizers given to farmers.

(c) The amount of subsidy released on sale of fertilizers during 2006-07 is Rs. 25952 crore (net). During 2007-08, the total requirement of fertilizer subsidy is estimated at Rs. 45659.40 crore including Rs. 8788.37 crore of carryover liability of 2006-07.

(d) The subsidy on fertilizer is only paid after it reaches the district. Moreover, the subsidized fertilizers are meant for agricultural usage and any non-agricultural usage is punishable under law. Further, it has been observed that increase in consumption of chemicals fertilizer has contributed to increase in agricultural productivity.

Prices of medicines

†558. SHRI DATTA MEGHE: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that the pharmaceutical companies have not reduced the prices of drugs inspite of their promise to reduce the prices of 886 drugs;

(b) what are the reasons of not reducing the prices of drugs by the pharmaceutical companies;

(c) whether it is also a fact that the wholesaler purchases the Centrazil drugs at a cost price of Rs. 1.20 but the sells it to the people at a price of Rs. 37; and

(d) what steps have been taken by Government to remove these irregularities so that the people may get medicines at cheap rates?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI B.K. HANDIQUE): (a) and (b) As a result of Government's efforts, Pharmaceutical industry had voluntarily agreed to reduce prices of 886 formulations. However, the availability of these formulations at reduced prices varies from State to State.

(c) and (d) The bulk drug Cetrizine and formulations based thereon are not under pice control under Drugs (Prices Control) Order, 1995 (DPCO, 1995) Prices of non-Scheduled formulations are fixed by the manufacturers themselves keeping in view the various factors like cost of production, marketing expenses, R&D expenses, trade commission, marketing competition, product innovation, product quality etc. The National Pharmaceutical Pricing Authority (NPPA) monitors the prices of non-Scheduled formulations as per monthly Retail Audit Reports of ORG-IMS. The Government takes corrective measures in cases where public interest is found to be adversely affected. NPPA has conducted a market survey and have found that there is a wide difference of trade margin between branched and generic formulations based on Cetrizine. The generic drugs which are promoted by trade have high margins as compared to Scheduled drugs and non-Scheduled branched drugs. However, this segment forms a very small portion of total Pharma market in the country.

The Draft National Pharmaceutical Policy, 2006 contains certain measures for regulating the trade margins. Draft National Pharmaceutical Policy was considered by the Cabinet at

†Original notice of the question was received in Hindi.

its meeting held on 11.1.2007. The Cabinet has referred the Policy to Group of Ministers (GoM). The First meeting of the GoM was held on 10.4.2007 and the Second meeting was held on 12-9-2007. No time-frame has been set for finalizing the National Pharmaceuticals Policy.

Release of outstanding fertilizer subsidy

†559. SHRI DATTA MEGHE: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether Government has decided to release the outstanding amount of subsidy of fertilizers for more than Rs. 25 thousand crores;

(b) if so, the amount of subsidy released to far;

(c) by when, the remaining amount of subsidy would be released;

(d) whether Government proposes to review the present system of subsidy on fertilizer; and

(e) if si, what are the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI B.K. HANDIQUE): (a) to (c) The release of subsidy on sale of fertilIzers is a continuous process and a total of Rs. 25033.92 crore has already been released till 14th November, 2007 in the current financial year.

(d) and (e) A Group of Ministers has been formed to look into sustainable use of fertilizers and pertinent subsidy and pricing issues. The GoM is looking into various issues pertaining to fertilizer sector including the review of present system of subsidy on fertilizers. The recommendations of GOM are not yet finalised.

Subsidy distribution

560. SHRI C. RAMACHANDRAIAH: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether Government is examining the feasibility of implementing alternate subsidy mechanisms;

(b) if so, state whether nutrient based subsidy mechanism, in place of giving direct subsidy to farmers, would be preferred by Government;

(c) if so, the details of the decision taken for the said purpose; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI B.K. HANDIQUE): (a) to (d) A Group of Ministers has been formed to look into sustainable use of fertilizers and pertinet subsidy and pricing issues. The GoM is looking into various issues pertaining to fertilizers sector including the issue of direct subsidy on fertilizers to farmers. The recommendations of GoM are not yet finalised.

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